



WASHOE COUNTY

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Comptroller CH

STAFF REPORT

BOARD MEETING DATE: May 24, 2016

DATE: April 27, 2016
TO: Board of County Commissioners
FROM: Dave Solaro, Arch., P.E., Director
Community Services Department, 328-2040, dsolaro@washoecounty.us
THROUGH: Kevin Schiller, Assistant County Manager
SUBJECT: Approve a Lease Agreement between Roter Investments, L.P. and Washoe County for a 60 month term, commencing July 1, 2016 through June 30, 2021 [\$87,390 annually plus an increase of \$17,478 effective July 1 of each year for the term of the Agreement] for the continued occupancy of the Sierra View Library Branch located at the Reno Town Mall, 4001 S. Virginia Street, Reno, Nevada. (Commission District 2.)

SUMMARY

This item recommends approval of a lease agreement between Washoe County and Roter Investments L.P. for sixty (60) months to continue the occupancy of the Sierra View Library branch located within the Reno Town Mall. Based on a partnership concept, Washoe County and Roter Investments L. P. have negotiated a sixty month lease for continued service to the public at the Reno Town Mall location at a rate that fits within the limited budget constraints.

Space within the Reno Town Mall has been utilized as a branch library since 1987 and continues to be well used by the residents in the surrounding area. The Friends of Washoe County Library (Friends) also co-locate within the Library through a sub-lease agreement which allows for efficiencies and to support Library activities.

Washoe County Strategic Objective supported by this item: Safe, Secure and Healthy Communities.

PREVIOUS ACTION

On July 10, 2012, the Board approved a Sublease Agreement between Roter Investments, L.P., Washoe County, and The Friends of Washoe County Library for a portion of the Sierra View Library space located at 4001 South Virginia Street for a 48 month term commencing retroactively to July 1, 2012.

On August 13, 2013, August 14, 2012, July 26, 2011, and August 11, 2009, the Board accepted a donation in the amount of \$224,910 (with no County match required) from The Friends of Washoe County Library.

AGENDA ITEM # 5.K.1

On June 28, 2011, the Board approved a lease agreement with Roter Investments, L.P. for a sixty month term through June 30, 2016.

BACKGROUND

Washoe County has occupied space within the property at 4001 S. Virginia Street, the Reno Town Mall since July 1987 for operation of the Sierra View Branch Library. The Sierra View Library currently occupies 29,130 square feet of space on the first floor of the center. In 1992, the Library moved from the second floor into its current ground floor location, which has enabled expanded services to the public.

The Lessor of the Reno Town Mall has been extremely supportive of Washoe County and the Library System through providing donations over the past seven fiscal years to cover the base rent at the Sierra View branch. These donations have allowed Washoe County to continue providing services to the public at this popular branch location. Washoe County and the Lessor have taken a collaborative approach to lease negotiations providing for expanded hours at the location and an affordable lease rate for Washoe County. This approach allows the customers of the branch to receive benefits that may not have been affordable in the past.

The Friends of Washoe County Library have been and are a significant supporter of the Library System through both financial and human support. Since its formation in 1981, the Friends of Washoe County Library has provided well over \$2,000,000 in supplemental funding for cultural programming, library materials, technology, shelving and other furnishings. In the past several years, the Friends have donated \$400,000 toward these needs, all the more appreciated by patrons and staff in light of the Library Systems budget reductions. The warehouse area of 6,030 square feet of space that has been occupied by the Friends is not needed by the Library and this co-location has proven beneficial to both groups.

FISCAL IMPACT

The proposed lease agreement is for a sixty (60) month term, commencing July 1, 2016 through June 30, 2021. The proposed lease agreement reflects a rental amount beginning at \$87,390 for the first year and increasing by \$17,478 each successive year. The rental rate begins at \$0.25 per square foot per month increasing by \$.05 per square foot per month each year of the agreement term.

The County will also continue to pay for utilities used in the space. The lease rates and obligations are shown below:

<u>Term</u>	<u>Monthly Rate</u>	<u>Annual Rate</u>
7/1/16 - 6/30/17	\$ 7,282.50	\$ 87,390
7/1/17 - 6/30/18	\$ 8,739.00	\$104,868
7/1/18 - 6/30/19	\$10,195.50	\$122,340
7/1/19 - 6/30/20	\$11,652.00	\$139,824
7/1/20 - 6/30/21	\$13,108.50	\$157,302

Funding for the lease payment will be allocated in the Library budget 130250-710600.

RECOMMENDATION

It is recommended the Board of County Commissioners approve a Lease Agreement between Roter Investments, L.P. and Washoe County for a 60 month term, commencing July 1, 2016 through June 30, 2021 [\$87,390 annually plus an increase of \$17,478 effective July 1 of each year for the term of the Agreement] for the continued occupancy of the Sierra View Library Branch located at the Reno Town Mall, 4001 S. Virginia Street, Reno, Nevada.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be:
"Move to approve a Lease Agreement between Roter Investments, L.P. and Washoe County for a 60 month term, commencing July 1, 2016 through June 30, 2021 [\$87,390 annually plus an increase of \$17,478 effective July 1 of each year for the term of the Agreement] for the continued occupancy of the Sierra View Library Branch located at the Reno Town Mall, 4001 S. Virginia Street, Reno, Nevada."

LEASE AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 2016, by and between ROTER INVESTMENTS, L.P., a Washington Limited Liability Partnership, hereinafter referred to as “Lessor” and WASHOE COUNTY, NEVADA, a political subdivision of the State of Nevada, hereinafter called “Lessee”.

WITNESSETH:

WHEREAS, Lessor is the sole owner of the premises at 4001 South Virginia Street, Reno, Washoe County, Nevada; and

WHEREAS, Lessee has been occupying space in said building through various lease agreements since June 23, 1992; and

WHEREAS, the parties desire by this Agreement to define their respective rights, duties and liabilities for continuing occupancy of 29,130 square feet of floor space for the Sierra View Library and associated offices beyond the June 30, 2016 expiration of the existing Lease Agreement; and

WHEREAS, the parties hereto agree to supersede any previous agreements related to this occupancy and confirm that the new lease commencement date shall be July 1, 2016; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

SECTION ONE

DESCRIPTION OF PREMISES

Lessor hereby leases unto Lessee, and Lessee hereby leases from Lessor, approximately 29,130 sf of space (“Premises”) in the building generally known and designated as The Reno Town Mall, 4001 S. Virginia Street, Reno, Washoe County, Nevada, 89502, together with the nonexclusive use of all common areas, including parking area, entrances, elevators, hallways, and restrooms in common with Lessor and other lessees of Lessor. Lessee, its employees and

invitees shall also have the right to use the parking area on an undesignated basis in common with other lessees and their employees and invitees.

Unless otherwise specified, "Premises" shall include only that portion used exclusively by Lessee.

SECTION TWO

TERM OF AGREEMENT

The term of this Agreement shall be 60 months commencing July 1, 2016 and terminating on June 30, 2021, unless sooner terminated or extended upon mutual agreement of the parties or as otherwise provided herein.

SECTION THREE

RENTAL AND COMMON AREA EXPENSE

Effective upon the commencement date as defined in Section Two, Lessee agrees to pay Lessor, at such place, as Lessor shall designate from time to time in writing, rent which shall include all costs associated with "common area" maintenance expenses for the Premises described in Section One above, as follows:

A. Monthly Rent Payments:

1. Year 1 shall be the sum of \$7,282.50 per month commencing July 1, 2016 through June 30, 2017; and
2. Year 2 shall be the sum of \$8,739.00 per month commencing July 1, 2017 through June 30, 2018; and
3. Year 3 shall be the sum of \$10,195.50 per month commencing July 1, 2018 through June 30, 2019; and
4. Year 4 shall be the sum of \$11,652.00 per month commencing July 1, 2019 through June 30, 2020; and
5. Year 3 shall be the sum of \$14,565.00 per month commencing July 1, 2020 through June 30, 2021.

B. All rental payments shall be made payable to the Lessor c/o Roter Investments, L.P., 3000 Northup Way Ste #101, Bellevue, WA 98004, or at any other address as the parties may designate and serve upon the other. Rent payable hereunder is due the first day of each

month, shall be paid without deduction, offset, prior notice or demand, and if not received by the Lessor or properly deposited into the U.S. Mail system by the tenth day, Lessee agrees to pay a surcharge equivalent to five percent of the monthly rental. Notwithstanding the foregoing, no late charge shall be assessed with respect to the first late payment of rent in a twelve month period.

SECTION FOUR

COMMON AREA MAINTENANCE

A. Lessor shall maintain Common Areas in good condition and repair. The term "Common Areas" means all areas and facilities outside the Premises and within the exterior boundaries of the property that are provided and designated by the Lessor from time to time for the general use and convenience of the Lessee and other lessees, or owners of portions of the property pursuant to reciprocal easement agreements, and their respective invitees and public invitees.

B. Common area maintenance shall include, but is not limited to, all such maintenance, construction and repair work as shall be required to preserve and maintain the utility of the Common Area; maintenance, repair, resurfacing, crack filling and sealing of parking lot and painting of common pedestrian walkways, throughways, roadways, service corridors, and patios; sweeping, snow removal, trash disposal and other janitorial services of the common areas; maintenance and repair of common elevators; maintenance and repair of the exterior roof, exterior roof coverings, exterior supporting structures, walls and doors; maintenance and servicing of sprinkler systems, gardening and landscaping areas, lighting and all utilities utilized in connection therewith; reasonable management; and other modifications required for compliance with any statutes, ordinances and/or regulations, including changes in installations for supply of utilities or sanitary facilities or other public facilities and other maintenance in the Lessor's judgment is necessary for the operation of the Common Areas.

SECTION FIVE

OPTION TO RENEW

Lessee may have the option to renew this Agreement for a period of 60 months to commence upon the expiration of this term, provided Lessee is not in default under the terms of

this lease. Written notice to renewal shall be given at least 90 days prior to the expiration of this Agreement. The base rent will be negotiated between the parties 90 days prior to the expiration for the extended term. All other terms and conditions shall remain in full force and effect.

SECTION SIX

HOLDING OVER

Lessee shall provide Lessor with 90) day notice, prior to the expiration of the initial term or any extensions thereof, of their intent to holdover. Any holding over of the Premises by Lessee after the expiration of the term hereof (or any renewal period, as applicable) shall be construed to be a tenancy from month-to-month with no change in the base monthly rent up to a maximum period of four months, after which time Lessee will either quit and vacate the Premises or enter into a new agreement. All other terms and conditions stated herein shall remain in full force and effect to the extent they are not inconsistent with this section. If Lessee fails to surrender the Premises upon the expiration of the holdover period, Lessee shall pay to Lessor as and for base monthly rent the amount of 150% above the current base monthly rent set forth herein. If Lessee fails to surrender the Premises upon the expiration of the holdover period, Lessee shall hold the Lessor harmless from all damages resulting from Lessee's failure to surrender, including without limitation, claims from a succeeding tenant resulting from Lessee's failure to surrender the Premises.

SECTION SEVEN

USE OF PREMISES

A. Lessee shall use the Premises for the purposes of a Library, office and other related general government purposes. Lessee shall not use, or permit said Premises or any part thereof to be used for any purpose other than the conduct of the necessary business of Washoe County government

B. Lessee shall not conduct or at any time knowingly permit its employees, agents or visitors to conduct activity on the Premises that is unlawful or in violation of any federal or state statute, code or regulation.

SECTION EIGHT

ALTERATIONS AND IMPROVEMENTS

A. Lessee agrees that it shall not erect partitions, install or change any doors or windows, or place any nails, screws or other implements or fasteners into the wood work or walls, except such items as are necessary to suitably decorate or make the Premises attractive for the purposes intended, without the prior written consent of Lessor. Upon Lessor's request, Lessee shall prepare plans and specifications of such work and submit the same to Lessor for its approval prior to making such alterations or improvements. Said approvals will not be unreasonably withheld.

B. Any improvements shall be accomplished in a workmanlike manner and in compliance with all applicable federal, state, county and municipal laws and regulations.

C. The parties agree that all the erections, additions, fixtures and improvements made by Lessee in or upon said Premises, which cannot be removed without substantially affecting the integrity of the building, shall remain upon the Premises at the termination of said term by lapse of time or otherwise, without compensation to Lessee. All of Lessee's movable equipment, office furniture, shelving and any decorative items, which can be removed without substantially affecting the integrity of the Building, shall be removed by Lessee at its expense.

D. The erection, construction, installation or making of any improvements shall be accomplished in a workmanlike manner and in compliance with all applicable federal, state, county and municipal laws and regulations.

SECTION NINE

LESSOR IMPROVEMENTS

A. Lessor reserves the right from time to time and at its own expense to make such improvements, alterations, renovations, changes, and repairs in and about the building in which the Premises are located, as Lessor shall deem necessary or desirable, provided Lessor gives Lessee, prior to entering the Premises, a minimum 48 hours notice of its intent to do so. Except where such improvements, alterations, changes and repairs unreasonably disrupt Lessee's use and peaceful enjoyment of the Premises, Lessee shall make no claim against Lessor for abatement of rent for interference with Lessee's leasehold interest or for loss or damage to its business during such improvements, alterations, changes and repairs.

B. Lessor shall make all improvements in a safe, workmanlike manner so as not to prove hazardous to Lessee and/or the public.

SECTION TEN

MAINTENANCE, REPAIRS AND INSPECTIONS

A. Lessee shall be responsible for making repairs and for performing maintenance to the interior of the demised Premises. Lessor shall not be responsible for (i) making repairs or replacements caused by willful destruction or negligence by Lessee, Lessee's contractors, agents, or employees or Lessee's invitees or guests, or (ii) repainting the interior walls of the Premises or replacing other items because of ordinary wear and tear during the initial term of this agreement or any extension thereof..

B. Lessee, at its own expense shall provide interior janitorial and interior window cleaning and shall keep the Premises at all times in a neat, clean and sanitary condition, and shall neither commit nor permit any waste or nuisance thereon.

C. Lessor shall maintain, repair and replace at its sole cost and expense, the parking areas and sidewalks, the elevators, roof, exterior walls and windows, together with all central mechanical equipment, to specifically include all heating, ventilating and air conditioning equipment, necessary to provide service to the Premises and maintain the Premises in a reasonable and safe manner and in full compliance with all mandated federal, state and local laws.

D. Lessee shall keep the Premises free from any liens arising out of any work that it may perform, or materials furnished, or obligations incurred by Lessee. Lessee shall have 30 days from the date of notice of said lien, as provided by Lessor, within which to remove said encumbrance without breaching the provisions of this Agreement.

E. Lessee shall permit Lessor or its authorized agent to enter into and upon the Premises at all reasonable times for the purpose of inspecting the same, or for the purpose of making repairs or maintaining the building in which the Premises are located.

F. Lessor is solely responsible for compliance with, and all necessary expenses associated with any modification required for compliance with any statutes, ordinances and/or regulations, including required changes in installations for supply of utilities or sanitary facilities or other modifications that may be required for compliance with the requirements of the

Americans Disability Act (ADA). Lessee is not aware of any violations relative to the Premises as of the date of this agreement.

SECTION ELEVEN

UTILITIES, JANITORIAL, TELEPHONE AND PARKING

A. All gas, electricity, water, sewer, and other public utility uses specifically used upon and separately metered to the Premises shall be at the sole cost and expense of Lessee.

B. Lessee shall pay for all telephone service costs incurred for installation of equipment and establishment of initial service and for ongoing monthly service charges for equipment, fees, line and toll charges or any changes thereto specifically requested by Lessee.

C. Lessor shall pay at its sole expense the costs for all real property taxes and/or assessment fees without cost or obligation to Lessee for the real property upon which the Premises are located.

SECTION TWELVE

SIGNS

Lessee agrees that no sign or advertisement shall be painted or affixed to any part of the outside of the building in which the Premises are situated without the approval of Lessor, which consent shall not be unreasonably withheld.

SECTION THIRTEEN

WAIVER

Any failure on the part of either party to take action against the other for any breach or covenant herein shall not be construed to constitute a waiver of any other or subsequent breach.

SECTION FOURTEEN

DESTRUCTION OF PREMISES

In the event of a partial destruction of the Premises or the buildings of which the Premises is a part during the term or renewal of this Agreement, from any cause, Lessor shall forthwith repair the same within 120 days, provided such repair can be made within said period under the laws and regulations of the state, federal, county or municipal authorities. If required repairs are commenced promptly, this Agreement shall not be modified, except that Lessee shall be entitled

to a proportionate reduction of base rent if a portion of the Premises are rendered unusable or substantially impaired while repairs are being made. If such repairs cannot be made in 120 days, or if Lessor does not wish to make the repairs, this Agreement may be terminated at the option of either party. Either party shall notify the other of such party's election to terminate the Agreement within 21 days following the date Lessee receives written notice from Lessor of its inability to repair the building within the 120-day period due to such damage or destruction. A total destruction of the building in which the Premises is situated shall terminate this Agreement. This provision is not intended to affect the rights of either party to seek recovery against the person responsible for the damages, subject, however, to the provision of Section Fifteen below.

SECTION FIFTEEN

CONDEMNATION

In the event that any part of the Premises shall be condemned or taken by any county, federal, state or other authority for any purpose, then the term of this Agreement shall cease on the part so taken from the day the possession of that part is required for any public purpose. The base rent shall be paid up to that day and thereafter the Lessee or the Lessor shall have the right to either cancel this Agreement or to continue in the possession of the remainder of the same under the terms herein provided, except that the base rent shall be reduced in proportion to the area of that portion of the Premises taken for such public purpose. All damages awarded as compensation for diminution in value to the leasehold or to the fee of the Premises shall belong to and be the property of Lessor. Lessee shall have the right to claim and recover from the condemning authority such compensation as may be separately awarded or recoverable by Lessee in Lessee's own right on account of any and all damages to Lessee's business by reason of the condemnation and for or on account of any cost or loss to which Lessee might be put in removing Lessee's furniture, fixtures, equipment and leasehold improvements.

SECTION SIXTEEN

INDEMNIFICATION

A. To the fullest extent provided by law, Lessor shall hold harmless, indemnify and defend Lessee from and against any loss, damage, claim, suit or liability due to injury, including death, or property damage, to the extent and in the percentage the same is caused by gross

negligence or willful misconduct of Lessor, its agents or employees, in connection with the ownership of the Premises and the Lessor's duties and responsibilities pursuant to this Agreement.

B. Pursuant to Nevada Revised Statutes, Chapter 41 and without waiving any provisions thereof, Lessee, shall hold harmless, indemnify and defend Lessor from and against any loss, damage, claim, suit or liability due to injury, including death, or property damage, to the extent and in the percentage the same is caused by the gross negligence or willful misconduct of Lessee, its agents, contractors or employees, in connection with the use of the demised Premises or the Lessee's duties and responsibilities pursuant to this Agreement.

C. Notwithstanding the above, Lessor shall not be liable for damage to property of Lessee or of others located in the Premises, nor for the loss of or damage to any property of Lessee or others caused by theft or otherwise. Notwithstanding the above, this paragraph shall not apply where such damage, loss or injury is caused by the gross negligence or willful misconduct of Lessor.

SECTION SEVENTEEN

INSURANCE

A. Lessor, at its sole cost and expense, shall:

1. Secure and maintain fire and extended insurance on the building in which the Premises is located in an amount and coverage determined by Lessor during the term or any extended term of this Agreement.

2. Secure and maintain a policy of comprehensive or commercial general liability coverage (occurrence form), in an amount of not less than \$1,000,000 per occurrence, and at least \$2,000,000 annual aggregate during the term of this Agreement. Lessee shall be added as an additional "insured" to this policy for any injury to person or damage to property occurring in a Common Area. Lessee shall be provided with a certificate of insurance and endorsements evidencing such coverage

3. Lessor hereby expressly waives and releases any cause of action or right of recovery which Lessor may have hereafter against the Lessee for any loss or damage to the Premises, or to the contents thereof belonging to either, caused by fire, explosion, or any other risk covered by insurance; and,

4. Lessor shall obtain a waiver from any insurance carrier with which Lessor carries fire, explosion or any other risk coverage insuring the building and other improvements releasing its subrogation rights against Lessee.

B. Lessee, at its sole cost and expense, shall:

1. Maintain fire insurance on all contents owned by the Lessee located at the Premises.

2. Lessee may fund any financial obligation relating to its negligence and Liability through a program of self-funding administered by its Risk Management Division. Any and all claims related to the use of the demised Premises by Lessee shall be forwarded to Lessee in a timely manner.

3. Lessee hereby expressly waives and releases any cause of action or right of recovery which Lessee may have hereafter against the Lessor for any loss or damage to the Premises, or to the contents thereof belonging to either, caused by fire, explosion, or any other risk covered by Lessee's insurance and,

4. Lessee shall obtain a waiver from any insurance carrier with which Lessee carries fire, explosion or any other risk coverage insuring the Premises or the contents thereof releasing its subrogation rights against Lessor.

5. Lessee shall not keep or use in or upon the Premises any article which may be prohibited by the Lessor's insurance policy then in effect covering the Premises or Common Areas. In the event Lessee's occupancy causes any increase of premium for Lessor's insurance on the Premises or Common Areas, or any parts thereof, above the rate for the least hazardous type of occupancy legally permitted in the Premises, Lessee shall pay such additional premium on demand therefore.

SECTION EIGHTEEN

HAZARDOUS SUBSTANCES

A. Lessee shall not cause or permit any hazardous substances to be used, stored, manufactured, released or disposed in or upon the Premises, except in the minimum quantities as are customary and usual in connection with Lessee's permitted use. If the Premises become contaminated as a result of a violation by Lessee of this Section Eighteen, for which Lessee is legally liable, Lessee shall indemnify, defend and hold Lessor harmless from all related claims,

judgments, penalties, costs or losses, including all expenses incurred for investigation, removal, remediation and restoration mandated by federal, state and local governments, together with Lessor's attorney's fees.

B. If hazardous substances have been used, stored, manufactured, released or disposed in or upon the Premises or connected areas outside the Premises, or if the Premises or connected areas outside the Premises, are or become contaminated in any manner, for which Lessor is legally liable, Lessor shall indemnify, defend and hold Lessee harmless from all related claims, judgments, penalties, costs or losses, including all expenses incurred for investigation, removal, remediation and restoration mandated by federal, state and local governments, together with Lessee's attorney fees.

C. "Hazardous Substances" mean all toxic, ignitable, reactive and corrosive substances regulated by federal, state or local governments.

SECTION NINETEEN

SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE

A. This Agreement, at Lessor's option, shall be subordinated to any mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon Lessor's leasehold interest in the real property or building of which the Premises are a part and which constitute a mortgage or deed of trust lien or encumbrance against Lessor's interest in such Premises or building and to any and all advances made on the security thereof and to all the renewals, modifications, amendment, consolidations, replacements and extensions thereof.

B. Lessee agrees to execute any documents required to effectuate such subordination to the lien of any mortgage, deed of trust, or other security document, as the case may be, and failing to do so within 15 days after written demand shall give Lessor the right to terminate this Agreement and immediately re-enter the Premises.

C. Lessee shall in the event of the sale or assignment of Lessor's interest in the real property or building of which the Premises are a part, or in the event of any proceeding brought for the foreclosure of, or in the event of exercise of the power of sale under any mortgage or deed of trust made by Lessor covering the Premises, attorn to the purchaser or assignee and recognize such purchaser or assignee as Lessor under this Agreement.

D. Any purchaser, assignee, or other party acquiring Lessor's interest in the real property or building of which the Premises are a part, agrees to recognize the validity and enforceability of this Agreement and that notwithstanding any default by Lessor with respect to any mortgage, deed of trust, or other security document, Lessee's possession, quiet enjoyment and all of Lessee's rights under this Agreement in and to the Premises shall not be disturbed by such purchaser, assignee or other party unless Lessee is in default under the terms of this Agreement.

SECTION TWENTY

QUIET ENJOYMENT

Lessee, while in compliance with the terms and covenants herein, is entitled to the quiet enjoyment of the Premises for the term hereby created.

SECTION TWENTY-ONE

ASSIGNMENT AND SUBLEASE

This Agreement may be assigned or the Premises sublet only with the prior written consent of the Lessor. Lessor shall consent to an assignment or subletting provided the proposed assignee is, in Lessor's judgment, a suitable tenant that can demonstrate to Lessor's satisfaction that it is compatible with the building and other tenants of the building and has the financial and operational capability to remain through the term. Any rents or other consideration due from an assignee or sublessee, in excess of the rents due under this Agreement from Lessee shall be paid to Lessor.

SECTION TWENTY-TWO

NOTICES

All notices and demands which may be required to be served upon the respective parties to this Agreement shall be in writing and may be served either personally, by a recognized overnight courier, or by certified mail, postage prepaid, addressed to the Lessee at the address of the Premises herein, with a copy to Washoe County Community Services, P.O. Box 11130, Reno, NV 89520-0027, and to Lessor, c/o City Management Corporation, 3000 Northup Way,

Ste 101, Bellevue, WA 98004, or at such other address as the parties may designate and serve upon the other. Any service by mail shall be deemed served upon deposit in the United States Post Office.

SECTION TWENTY-THREE

ATTORNEY'S FEES

Should any party hereto institute any legal action or proceeding of any kind, to enforce any provision hereof or for damages by reason of an alleged breach of any provision of this Agreement, the prevailing party shall be entitled to recover such amounts as may be adjudged to be reasonable attorneys' fees for the services rendered to the prevailing party in such action or proceeding, together with costs

SECTION TWENTY-FOUR

TERMINATION

A. Upon termination of this Agreement, Lessee shall quit the Premises peaceably, with no damage to the Premises, normal wear and tear and damage outside the control of Lessee excepted, and shall remove all of Lessee's personal property from the Premises.

B. The failure by Lessee or Lessor to make any payment or observe or perform any covenants, conditions or provisions of this Agreement required to be made, observed or performed by such party, after 30 days written notice of such default shall constitute a default of this Agreement by such party; provided, however, that if the nature of the default (other than the payment of money) is such that more than 30 days are reasonably required for its cure, then the defaulting party shall not be deemed to be in default if such party commences such cure within the 30 day period and thereafter diligently prosecutes such cure to completion. Upon default, the non-defaulting party may pursue all remedies available under Nevada law, including termination of the Agreement and recovery of all damages caused by such default.

C. It is understood and agreed that either party may cancel this Lease Agreement, with or without cause, effective on any anniversary date of this Lease upon providing six months prior written notice to the other party or as specifically defined herein.

D. In the event Lessee shall acquire a County owned building or one becomes available in which Lessee shall conduct the same function it is currently performing in place of

its operation in the Premises, Lessee may cancel this Agreement, by giving Lessor six months prior written notice of its intention to do so; provided however, that Lessee is not in default of any of the terms contained in this Agreement.

SECTION TWENTY-FIVE

CHOICE OF LAW; VENUE

This Agreement shall be construed in accordance with and be governed by the Laws of the State of Nevada. All parties hereto consent to the personal jurisdiction of any state or federal court of competent jurisdiction located in Washoe County, Nevada and to the service of process by any means authorized by any such state or federal court or under the laws of the State of Nevada. The exclusive venue of any action, proceeding or counterclaim arising out of or in connection with this Lease shall be Washoe County, Nevada.

SECTION TWENTY-SIX

FUNDING OUT CLAUSE

Pursuant to NRS 244.320, in the event Washoe County fails to appropriate budget funds specifically for the purpose of maintaining such Premises, in any subsequent fiscal year after the effective date of the Agreement, Lessor hereby agrees to cancel this Agreement and hold Lessee harmless from any penalty, charge or sanction. Lessee agrees to provide written notice to Lessor of this eventuality, should it occur.

SECTION TWENTY-SEVEN

EFFECT OF AGREEMENT

A. This Agreement constitutes the entire contact between the parties and no obligation other than those set forth herein will be recognized unless endorsed hereto in writing.

B. Each of the covenants, warranties, and agreements herein contained are binding on the parties hereto, their successors, assigns and legal representatives. In the event of any breach of these covenants, warranties and agreements by Lessee during the duration of this Agreement, whether or not discovered by or known to Lessor during the Agreement term, Lessor expressly reserves unto itself the right to pursue appropriate legal action against Lessee to correct or cure said breaches or deficiencies.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals as of the date and year first above written.

LESSEE: WASHOE COUNTY, a political subdivision of the State of Nevada, (COUNTY)

By: _____
Kitty K. Jung, Chair
Washoe County Commission

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

On this ____ day of _____, 2016, before me, a Notary Public, personally appeared _____, known to me to be the Chair of the Board of County Commissioners of Washoe County, who acknowledged to me that s/he executed the foregoing document on behalf of Lessee for the uses and purposes therein mentioned.

Notary Public

**LESSOR: ROTER INVESTMENTS, L.P.
through its General Partner, City Management Corp.**

By: _____
Robert C. Rothe, President

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 2016, before me, a Notary Public, personally appeared _____, known to me to be the person described herein, who acknowledged to me that s/he executed the foregoing document on behalf of Lessor for the uses and purposes therein mentioned.

Notary Public